

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 AID-05 CEQ-01 CIAE-00 OFA-01 COME-00

DODE-00 EB-07 EPA-01 INR-07 IO-10 L-02 NSF-01 NSC-05

NSAE-00 PM-03 USIA-06 OES-03 SS-15 SP-02 ERDA-05

CEA-01 CIEP-01 FPC-01 H-02 INT-05 OMB-01 SAM-01

STR-04 TRSE-00 FRB-03 FEA-01 PA-01 PRS-01 /109 R

DRAFTED BY EUR/CAN:LFJANOWSKI:MGH

APPROVED BY EUR:RDVINE

EUR/CAN:DAKRUSE

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R 131420Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA

INFO AMCONSUL VANCOUVER

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E.O. 11652: N/A

TAGS: SENV, ENRG, CA

SUBJECT: TRANSPORTATION OF ALASKAN OIL--STATUS OF UNITED
- STATES LEGISLATION AND ALTERNATIVE PORT

REF: OTTAWA 1706

1. THERE ARE PRESENTLY SEVERAL BILLS PENDING BEFORE THE
WASHINGTON STATE LEGISLATURE CONCERNING THE PROPOSED CON-
STRUCTION OF AN OFFSHORE PETROLEUM TRANSFER SYSTEM AT OR
NEAR PORT ANGELES, WASHINGTON. AT THIS TIME WE EXPECT
THAT THE STATE LEGISLATURE WILL ADJOURN IN APPROXIMATELY
TWO OR THREE WEEKS. WE ARE UNABLE TO INFORM YOU AT THIS
POINT WHAT ACTIONS, IF ANY, WILL BE APPROVED BY THE
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LEGISLATURE.

2. PROPOSAL TO CONSTRUCT TANKER FACILITY WITH ASSOCIATED PIPELINES WAS PROPOSED BY OCEANOGRAPHIC COMMISSION OF WASHINGTON AT ESTIMATED COST OF 77 MILLION DOLLARS. PRINCIPAL OIL COMPANIES IN PUGET SOUND AREA (ARCO, MOBILE, SHELL, AND TEXACO) DISPUTE THIS ESTIMATE AND INDICATE THAT MORE REALISTIC ESTIMATES ARE IN RANGE OF 180 TO 250 MILLION DOLLARS. SHELL ESTIMATES THAT PENALTY TO CONSUMERS OF CONSTRUCTING AND USING THIS FACILITY WOULD BE APPROXIMATELY 23 CENTS A BARREL, OR 28 MILLION DOLLARS PER YEAR. COPIES OF DEPARTMENT'S CORRESPONDENCE WITH OIL COMPANIES BEING POUCHED.

3. WE AGREE THAT GOC OFFICIALS SEE THE PORT ANGELES PROPOSAL AS SOLUTION TO PROBLEM OF POTENTIAL POLLUTION TO PUGET SOUND AND INNER JUAN DE FUCA AREA. GOC VIEW BASED ON ORIGINAL 77 MILLION DOLLAR ESTIMATE. IN VIEW OF OIL COMPANY ESTIMATES, PROJECTS ECONOMIC VIABILITY OBVIOUSLY IN QUESTION. WE THEREFORE BELIEVE THAT IT WOULD BE PRUDENT FOR EMBASSY TO INFORM APPROPRIATE CANADIAN OFFICIALS OF COST PROBLEM IN ORDER TO MUTE EXCESSIVE CANADIAN OPTIMISM AT THIS POINT. WE WILL INFORM YOU FURTHER OF THE STATUS OF THE WASHINGTON STATE PROPOSALS AS INFORMATION BECOMES AVAILABLE. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, PETROLEUM PIPELINES
Control Number: n/a
Copy: SINGLE
Draft Date: 13 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE110723
Document Source: CORE
Document Unique ID: 00
Drafter: LFJANOWSKI:MGH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750168-0561
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750557/aaaabzhl.tel
Line Count: 85
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 OTTAWA 1706
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 05 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 MAY 2003 by BoyleJA>; APPROVED <21 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TRANSPORTATION OF ALASKAN OIL--STATUS OF UNITED - STATES LEGISLATION AND ALTERNATIVE PORT
TAGS: SENV, ENRG, CA
To: OTTAWA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006